

DDA 77-3746

28 June 1977

DD/A Registry

File *Personnel-9*

MEMORANDUM FOR: Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Proposed Issuance of Headquarters Notice
"Procedures for Hiring of Annuitants" (U/AIUO)

STATINTL REFERENCES: (a) [REDACTED] dtd 17 May 77, "Hiring of
Annuitants"

(b) Note to DCI fr DDCI, subj: Military and
Civilian Annuitants, dtd 21 Jun 77, plus
DCI handwritten notes on this reference

1. Action Requested: It is requested you approve the attached Headquarters Notice on "Procedures for Hiring of Annuitants" submitted for your consideration.

2. Background: I have revised the proposed Headquarters Notice called to your attention by reference (b). The revision is based on your handwritten comment:

"I don't want to approve if DDA certifies
that skill is not available elsewhere in Agency."

I propose to interpret your comment in one of two fashions:

a. The skill per se is not possessed by any serving employee.

b. While the skill per se may be possessed by a serving employee, he is making full-time utilization of that skill and cannot be made available to perform the required new task.

3. Recommendation: Based on these understandings, I now submit for your review, the revised Headquarters Notice, "Procedures for Hiring of Annuitants."

/s/ John F. Blake

John F. Blake

Att

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77-7567/2

DDA 77-3420

13 June 1977

MEMORANDUM FOR: Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Initial Employment and Continuing Use of U.S.
Government Annuitants in Either Part-time or
Full-time Capacity (U/AIUO)

1. (U/AIUO) Action Requested: It is requested that you approve the issuance of an additional Headquarters Notice addressing itself to the matter of the hiring of annuitants.

2. (U/AIUO) Background: A considerable and time-consuming amount of study has been involved in giving consideration to all aspects of the broad policy pronouncement contained in [REDACTED] "Hiring of Annuitants" issued on 17 May 1977 over your name. The policy statement is clear; the most efficient and cost-effective manner for the implementation of the policy, in light of the complexity of the mission of the Agency, its intermittent needs for scarce skills, and the requirement to meet the provisions of selected Executive Orders of the President has demanded a considerable amount of research and thought. This omnibus paper addressing the many facets of the problem is a result of those endeavors.

(U/AIUO) There has been considerable correspondence in the past several months on the use of rehired annuitants but the primary emphasis to date has been on the part-time use of principally Agency annuitants. The total picture is incomplete unless we also present facts on full-time staff employees who are military annuitants. I have had prepared statistics on this matter and the overall facts are contained in Attachment A. The most important facts are that this group of employees represent [REDACTED] in total. They presently comprise [REDACTED] of our total population as contrasted with 8 percent in the overall Department of Defense structure, 4 percent in the Postal Service, 2 percent in the Department of State, and an overall 6 percent throughout the Federal Government Civilian Service.

(U/AIUO) In undertaking this analysis leading toward the development of recommendations for implementation of policy, we established the following guidelines:

a. To be guided by your policy to offer good promotion opportunity for our younger professionals, and a steady accession of new career talent.

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b. Isolate any categories of part-time use which are not in conflict with the stated goal and recommend blanket functional exceptions.

c. Develop procedures to be followed by components sponsoring employment of annuitants in consonance with the policy statement.

d. Recommend a revision of [REDACTED] on the assumption that our recommendations will be approved.

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(U/AIUO) As it pertains to approving an annuitant for a part-time or full-time position we believe the following test should be met:

a. The sponsoring component desiring the annuitant's service would first have to publish an Agency-wide vacancy notice, the result of which produced no qualified applicant.

b. Additionally, the Head of the Career Service would have to certify that:

(1) No employee in the career service was transferable for the vacancy through the Upward Mobility Program, and

(2) That the vacancy required military or civilian skills that are so unique that no employee in the Agency possessed the requisite qualifications, and

(3) The Deputy Director would have to undertake specific external recruitment to have the needed services performed.

In practically all cases annuitants performing part-time duties are hired on a one-year contract which calls for an annual renewal and redetermination to extend. We believe all such annual renewals should be subjected to this same test, where applicable, as new hires as enumerated above. We would not recommend subjecting to this test individuals who are compensated for "one-time" use, i.e., an outside speaker for an OTR course, a private physician intermittently used for diagnostic purposes upon case referrals by the Office of Medical Services, etc.

(S) Our analysis indicates that there are four functional uses of rehired annuitants, not exclusively from this Agency, whose utilization is not in conflict with the goal established in [REDACTED]. These four functional utilizations are the Confidential Correspondent Program of the Office of Security, previously called to your attention; the use of translators [REDACTED]

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(U/AIUO) There is one other area of unique concern which I feel obligated to call to your attention. It is my understanding that the Intelligence Community Staff has been mandated by Congress to establish a limited "permanent cadre" as opposed to other individuals serving on the Staff on rotational assignments from other elements of the Intelligence Community. In order to make this omnibus paper as complete as possible, I requested Mr. John McMahon to present me his position on this issue. It is affixed as Attachment F. I believe his presentation of the problem both meets the goal established by you as well as his Congressional mandate, and I would support his recommendation.

(U/AIUO) In order to implement all of the above and to reflect what I understand to be your desire to delegate to me an additional amount of authority in this matter, I have written an additional Headquarters Notice on this matter entitled "Procedures for Hiring of Annuitants." It is affixed as Attachment G.

3. (U/AIUO) It is recommended that:

a. You authorize the establishment of the employment of functional categories of part-time annuitants to perform services in the four programs listed above.

b. That you approve a memorandum of 27 May 1977, affixed as Attachment F, from John McMahon which will allow the Intelligence Community Staff to create a "permanent cadre" partially composed of rehired annuitants used for full-time purposes.

c. That you approve the Headquarters Notice entitled "Procedures for Hiring of Annuitants" affixed as Attachment G.

/s/ John F. Blake

John F. Blake

Attachments
Tabs A through G

Distribution:

- Orig - DCI w/atts
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- 1 - DDA Subject w/background + atts

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DDA:JFBlake:kmg (11 Jun 77)

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DCI/IC 77-0187

27 May 1977

MEMORANDUM FOR: Director of Central Intelligence

FROM: John N. McMahon
Associate Deputy to the DCI for the
Intelligence Community

SUBJECT: Hiring Retired Annuitants

1. Action Requested: Your approval to hire retired annuitants.

2. Background:

a. The IC Staff depends upon two basic categories of personnel, those on rotation from Intelligence Community organizations, and its "permanent cadre" whom we hire on contract. There are some staff and reserve appointments from earlier incarnations within CIA.

b. The Staff being small; i.e., [REDACTED] professional employees, dictates that we use our positions wisely in getting the best expertise available for any given job. Further, a good number of our functions are carried out by a single individual with no other structure supporting him; i.e., one project monitor for CIA, one project monitor for CCP, etc. By virtue of that arrangement, there is little or no opportunity to provide a career structure for employees and, additionally, it is essential that we bring in knowledgeable individuals in those particular fields. Accordingly, we have to co-op talent from the Intelligence Community agencies or look for the expertise and experience from annuitants.

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c. That is not to say that there are not jobs on the IC Staff that can be and are filled by system analysts or engineers from the private sector.

d. Attached is a list of annuitants presently on board the IC Staff. We seek your approval to continue their assignments with the Staff and to renew their contracts as permanent cadre

should they be performing in a manner suitable for continued employment when their contracts expire. Additionally, we seek your permission to recruit among annuitants from various intelligence organizations presuming an honest effort within the private sector does not provide us with the talent we need.

3. Recommendation: That you approve my request.

[REDACTED]

STATINTL

John N. McMahon

Attachment:
Military Retirees List

APPROVED:

Director, CIA
[REDACTED]

DISAPPROVED:

DATE: _____

1) Would like
to treat each
case on its own
for permanent staff -
2) For new hires
have bias for people
who are new to IC -
unprejudiced viewpoint
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77-3156

3 JUN 1977

DD/A Registry

File PERSONNEL-9

8 JUN 1977

MEMORANDUM FOR: Deputy Director of Central Intelligence
VIA : Deputy Director for Administration
FROM : F. W. M. Janney
Director of Personnel
SUBJECT : Individual Study of 57 Rehired Annuitants (U/AIUO)
REFERENCE : Memorandum, dated 10 May 1977, from the DDCI to DCI,
transmitting the basic memorandum of 30 March 1977
on the subject: Semi-Annual Report on Rehired
Civilian Annuitants

1. (C) Action Requested: None; for information only. This memorandum and the attachment submit the results of the individual study you requested by referent memorandum on the 57 rehired civilian annuitants who are carrying out a variety of functions within the Agency and who could not be categorized in general functional areas.

2. Background:

a. (U/AIUO) The contracts of 8 of the 57 annuitants have been terminated subsequent to the submission of the 30 March 1977 report.

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c. (U/AIUO) Attached are statements grouped by directorate concerning the utilization of these 49 individuals.

d. (U/AIUO) I have reviewed these statements, and I believe the utilization of these individuals has been within the stated Agency policy of governing the use of rehired annuitants.

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(Signed) F. W. M. Janney

F. W. M. Janney

Attachments: As Stated

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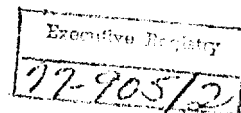
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File

Personnel-9



10 May 1977

Note For: The Director

16 MAY 1977

This folder provides background on the civilian annuitants we currently employ. [REDACTED]

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Of the total, only nine occupy ceiling positions that are competitive in nature. Four of the nine will come off the rolls with the completion of an Agency project in September 1977.

There are a total of about 60 annuitants whose work and need is I think open to further question and study.

Meantime, if you desire, feel free to issue a directive to prevent the hiring of any annuitants without your approval. Such a directive will help deal with internal perceptions. Another way to deal with the perception is to take steps to insure that our rank and file know that the annuitants do not clog their career paths except in rare circumstances.

STATINTL

[REDACTED]
E. H. Knoche

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DD/A 77-2725
DD/A Registry
File Personnel-9

10 May 1977

Note For: The Director

This folder provides background on the [REDACTED] civilian annuitants we currently employ.

STATINTL

Of the total, only nine occupy ceiling positions that are competitive in nature. Four of the nine will come off the rolls with the completion of an Agency project in September 1977.

There are a total of about 60 annuitants whose work and need is I think open to further question and study.

Meantime, if you desire, feel free to issue a directive to prevent the hiring of any annuitants without your approval. Such a directive will help deal with internal perceptions. Another way to deal with the perception is to take steps to insure that our rank and file know that the annuitants do not clog their career paths except in rare circumstances.

/S/

E. H. Knoche

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177-2615

MEMORANDUM FOR: Director of Central Intelligence

6 MAY 1977

VIA : Deputy Director of Central Intelligence

FROM : John F. Blake
Deputy Director for Administration

SUBJECT : Rehired Civilian Annuitants

REFERENCE : (a) The Director's undated memorandum on Personnel Policies, attached
(b) Memorandum, dated 30 March 1977 from Director of Personnel to the DDCI, attached

DDA Registry Background

1. Action Requested: That you review the Agency's method of utilization of rehired civilian annuitants as contained in reference (b) and authorize issuance of a "Notes from the Director" on the matter.

2. Background:

a. This memorandum is submitted in response to your concern that the Agency practice of re-employing retired Agency personnel may be adversely affecting the careers of younger, deserving officers and otherwise impeding their career future. Let me assure you this is not the case as evidenced by the analysis this memorandum submits.

b. As a preliminary for your background information, you may wish to review attached reference (b) which is a detailed analysis of the rehired civilian annuitants on board as of 25 March 1977 together with a description of the tasks they are performing, most of which are on a part-time or infrequent basis.

25X1A c. Of the total [redacted] annuitants on board, [redacted] are providing services in the following specific categories:

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SUGGESTED DRAFT

NOTES FROM THE DIRECTOR

In the short time that I have been Director I have become aware that there apparently are misconceptions in the minds of some of our employees that the Agency's use of re-employed civilian annuitants may be impeding the career advancement of our younger officers. To that end, I asked the Deputy Director and the Deputy Director for Administration to provide me with an analysis of the Agency's utilization of these [REDACTED] civilian annuitants. I have now completed a review of the services these individuals are performing. I am convinced that in all but nine cases their utilization is not affecting the career advancement of on-board personnel. With regard to these nine, I have directed further study.

STANSFIELD TURNER
Admiral, U.S. Navy
Director

MEMORANDUM FOR: DDCI
D/DCI/IC

FROM: Director of Central Intelligence

SUBJECT: Personnel Policies

1. In the short time I have been Director, I have become most impressed with the quality of our people and their dedication to their duties. I am also impressed that despite the buffeting which the Agency has taken in the public media in recent years, their attitude is high and they are ready to go forward. I believe that our focus must be ~~on~~ ahead, not behind, while we must ever keep a watchful eye to the rear that old problems to not recur. I am anxious that we devote our attention primarily to the future.

2. As part of this emphasis, I would like to insure that as many of our employees as possible be ones with a career in the future rather than one in the past. We have a number of extremely fine retired Agency personnel serving with us today. Their willingness to continue their dedicated work for our government is appreciated but I would like to make room for more new and young career intellects to come in and build for our future.

3. In view of the above please develop a plan for execution which will reduce all annuitants currently on our payroll a minimum of 15% by the first of July and at a minimum rate of 15% a month thereafter until only a select few annuitants remain. The plan should include the following operative elements:

- criteria for retention should be unique talent contribution not obtainable elsewhere (i.e., promotion within the system, training a successor, etc.).

- all categories of annuitants should be reduced equally, e.g., military, State, CIA, etc.

- reduction should be made proportionately at all grade levels.

-- provisions should be made to ensure that annuitants discharged under this procedure are not immediately rehired under some different contractual arrangement.

-- establish procedures to identify and individually justify any annuitant employed by a contractor staff working for us. 7

STANSFIELD TURNER
Admiral, U.S. Navy

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DD/A Registry

77-1736

DD/A Registry

File *Personnel 9*

MEMORANDUM FOR: Deputy Director of Central Intelligence

VIA : Deputy Director for Administration

FROM : F. W. M. Janney
Director of Personnel

19 jfb

1 APR 1977

SUBJECT : Semi-Annual Report on Rehired Civilian Annuitants

REFERENCE : Memorandum, dated 5 October 1976, from the DDCI, subject:
Rehired Civilian Annuitants

25X1A 1. Action Requested: None; for information only. By reference memorandum, you requested a semi-annual report on 1 April and 1 October of each year on the number of rehired civilian annuitants. Attachment A is a statistical summary by directorate or independent office and the category of utilization (i.e., contract employee, independent contractor, or consultant) of the [redacted] civilian federal annuitants on board in the Agency as of 25 March 1977. The agencies from which they have retired are also shown. Attachment B is a name listing by directorate and component or independent office with a statement as to the individual's utilization. (In my 20 August 1976 memorandum to you, I reported [redacted] civilian annuitants on board as of 30 June 1976, excluding those independent contractors of [redacted]. Thus, if the present independent contractors are again excluded, the remaining [redacted] represent a decrease of 20 since 30 June 1976).

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2. Background:

a. The report has been expanded this time, in view of your exchange of correspondence with the Director, and we believe the following may be useful in your discussion with him concerning the hiring of annuitants in the three categories of utilization discussed below:

(1) Contract Employees: Those individuals whose use will create an employer-employee relationship, with the Agency having the right of control as to how the work is to be accomplished, are hired as employees. If the person works on a full-time basis in excess of one year, the person is a charge against the Agency's full-time permanent

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2. [redacted] 002302

SUBJECT: Semi-Annual Report on Rehired Civilian Annuitants

25X1A personnel ceiling. There are now 9 retirees counting against this ceiling. If the individual is hired as an intermittent or part-time or as a full-time temporary (i.e., for less than one year) employee, there is no charge to the full-time permanent ceiling. There are currently [REDACTED] such individuals.

25X1A (2) Consultants: The hiring of a consultant, regardless of whether the person is a retiree, requires the concurrence of the Deputy Director concerned, the Director of Personnel, and the Office of General Counsel for clearance of conflict of interest prior to submission to the DCI for his specific approval. Agency policy as contained in [REDACTED] states that consultant personnel will be engaged only when the following conditions exist:

(a) There is a need for exceptional or specialized services which cannot be met from available Agency employees or consultants;

(b) Consultant service is beneficial to the Agency from an administrative and financial standpoint;

(c) The desired individual's services are not obtainable under other employment procedures;

(d) The consultant's service with the Agency will not violate the conflict of interest statutes.

Consultants are engaged on a fiscal-year basis. Renewals for the following fiscal year require the Director's approval. The maximum amount of compensation authorized for a consultant is the daily rate for the top step of a GS-15, currently \$168.96. Consultants are not charged against the Agency personnel ceiling.

(3) Independent Contractors: These are individuals engaged under a personal services contract as independent contractors in those situations where:

(a) The services to be performed are for a specific task over a fixed period for a specific fee or other legal consideration.

(b) The work to be done requires a unique skill or knowledge for its proper performance.

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SUBJECT: Semi-Annual Report on Rehired Civilian Annuitants

(c) The work does not have to be done pursuant to a regimented time schedule.

Since they are not employees, independent contractors are not charged against the Agency's full-time permanent personnel ceiling.

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b. [REDACTED] is the governing Agency regulation on the policy of using retired Agency employees and other retired U. S. Government civilian employees. Retirees may be hired to meet only those requirements that cannot be filled by the internal reassignment or training of on-duty personnel or by the recruitment of new employees who are qualified and who may be expected to serve a considerable number of years with the Agency. Each request must have the concurrence of the respective Deputy Director or Head of Independent Office. The Director of Personnel personally reviews each request to insure that the provisions of [REDACTED] have been met prior to his approving the request. When approved, the initial utilization of a rehired annuitant cannot exceed one year, though in many cases requests are for shorter periods of time ranging in duration from a few days to several months. Any extension beyond the originally approved period must be justified and go through the same approval process as the original request. 25X1A

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c. In December 1967, CIA adopted the policy governing the maximum amount of compensation that can be paid to a rehired federal civilian annuitant. This policy, stated in [REDACTED] has become known as the 90 per cent rule. Other agencies of the Federal government do not apply this rule to rehired annuitants.

(1) Under the Agency policy, the total remuneration paid to an individual during a contract year cannot exceed 90 per cent of the current salary of the grade and step the individual held at the time of retirement. Total remuneration means the individual's annuity plus the amount of compensation authorized in the contract. For example, if an individual retired as a GS-15 (step 4), the current salary for that grade and step is \$37,167. Ninety per cent of that figure is \$33,451. If the person's annuity is \$19,000 per annum, the maximum payable for the contract year as a rehired annuitant independent contractor is the difference between his annuity and the 90 per cent figure or \$14,451.

(2) This policy was reaffirmed by the CIA Management Committee in 1974.

(3) Only under the most unusual circumstances is the 90 per cent rule waived. Such a waiver must be approved by the Deputy Director for Administration.

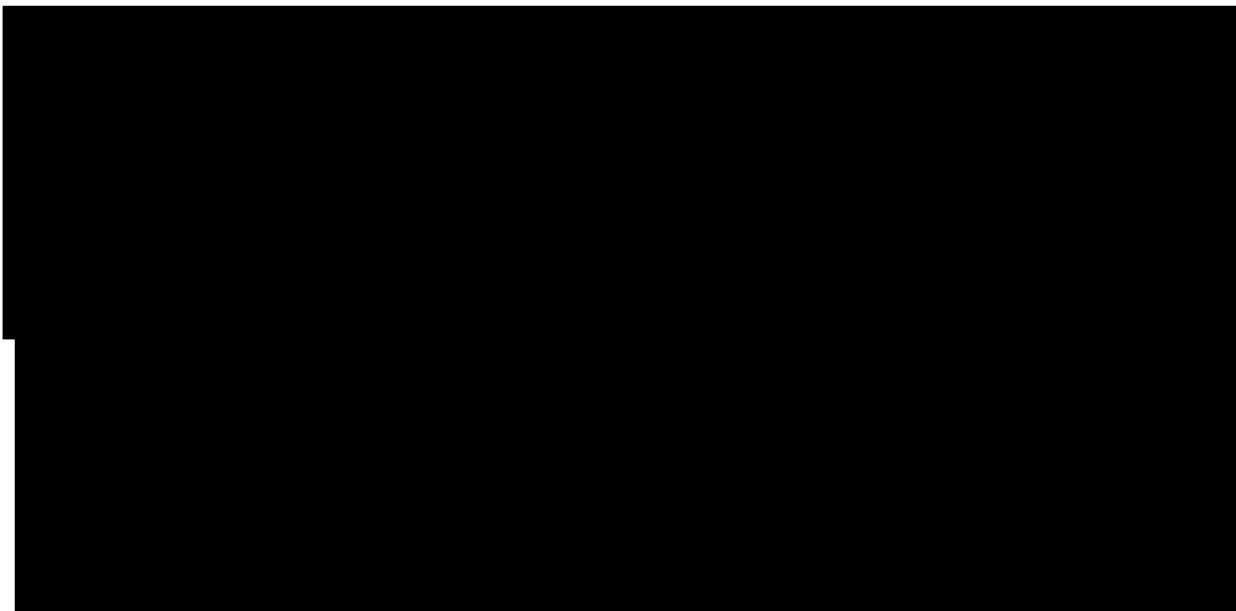
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SUBJECT: Semi-Annual Report on Rehired Civilian Annuitants

d. Public Law 94-397, effective 1 October 1976, amended the Civil Service Retirement Law. The amendment requires agencies re-employing Civil Service annuitants to reimburse the Treasury to the credit of the Civil Service Retirement Fund the amount of an individual's annuity during the period of re-employment. We are drafting an Executive Order applying this same requirement to CIARDS. At this time, we are awaiting Civil Service Commission promulgation of the guidelines as to the mechanics for the reimbursement to Treasury as well as guidance as to whether provisions of the Public Law apply to annuitants engaged as independent contractors.

e. Illustrative of some of the uses of retirees hired as independent contractors are:



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(3) Since 1972 the Agency has been conducting a declassification review of OSS files held by the National Archives. Currently 15 annuitants are conducting this review under what is known as Project [REDACTED]. The source of persons possessing the operational knowledge to ascertain whether a document can be declassified must perforce be annuitants in view of the lapse of time since OSS was disbanded.

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3. To Summarize:

a. The hiring of an annuitant must be justified and concurred in at senior levels in the Agency.

SUBJECT: Semi-Annual Report on Rehired Civilian Annuitants

b. The ninety per cent rule limits the amount of compensation an annuitant can receive.

c. Unless the annuitant is hired as a full-time contract employee in excess of one year (and note there are currently only nine in that category), a personnel ceiling position is not blocked nor is his or her use impeding the recruitment of new personnel or the career progression of on-board employees.

d. Annuitants frequently represent the only source of in-depth foreign language capability, operational or intelligence background and experience who possess the knowledge to fulfill certain of the Agency requirements, most of which are of finite duration. In this respect, and not to be overlooked, is the fact they can usually be granted a security clearance quickly.

4. After reviewing the nature of the valuable services being rendered by these annuitants, as demonstrated in Attachment B, we earnestly hope that you and the Director will conclude that they represent an available and, in many cases, unequalled, source of talent in assisting this Agency to accomplish its mission.

(Signed) F. W. M. Janney

F. W. M. Janney
Director of Personnel

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OP/CPD/ [REDACTED]

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5 OCT 1976

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MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology
Inspector General
Comptroller
General Counsel
Legislative Counsel

SUBJECT: Rehired Civilian Annuitants

REFERENCE: [REDACTED]

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1. The Director of Personnel recently furnished to me a list of [REDACTED] rehired civilian annuitants, as of 30 June 1976, in either an independent contractor or contract employee status. I am concerned that this overall number may be excessive and that perhaps in certain instances we are hiring annuitants to accomplish work that could be performed by current employees or for which we could recruit new ones. By way of comparison, the number of such rehired annuitants was 154 for FY 1974 and 159 for FY 1975.

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2. I recognize that a retiree often represents a wealth of unique background and experience and is sometimes the best qualified person to accomplish a job. Nevertheless, the standard for their employment contained in [REDACTED] is a narrow one which allows fulfillment of requirements that cannot be met through internal reassignment or training of current employees or through new recruitments. In addition, Congress recently passed legislation which will require an agency that employs a Civil Service annuitant to pay the equivalent of his annuity to the Civil Service retirement fund. Provisions of our recent CIARDS amendment may result in application of this change to CIARDS retirees also.

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3. Consequently, I ask that you examine your employment of each annuitant in a contract or independent contractor status as well as each request for an extension or initial hire in these categories to assure that the justification required by [REDACTED] is present. I intend to ask the Director of Personnel to provide me with semi-annual reports which show all annuitants on board in the above categories, and the written justification for each, as of April 1 and October 1 of each year.

STATINTL

/s/ E. H. Knoche

E. H. Knoche
Deputy Director of Central Intelligence

cc: D/DCI/IC
D/DCI/NIO
AO/DCI

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9 March 1977

NOTE FOR: The Director

FROM : E. H. Knoche, DDCI

1. Thanks for showing this (Tab A) to me. I am sympathetic with your objective but let me raise just a few points:

a) The presence of retirees on the rolls (there are about [REDACTED] of them) does not block billets or positions and hence does not prevent infusion of new and younger blood;

b) the work they do is usually ad hoc--for a pre-determined period--and is often the kind of drudgery task (carding, indexing, culling old files, etc.) that most rising young employees would find deadly dull and uninspiring;

c) in some cases, as on the IC Staff, some retired military officers play key and constructive roles and their sudden loss would be very disruptive.

2. Tab B is an action memo I issued on this subject a short time ago. The results of our study are due by about 1 April. Would you be willing to hold up on your directive until I can get back to you on the results of the study together with some suggestions on how to proceed from there?

[REDACTED]
E. H. Knoche

Attachments a/s

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4 MAR 1977

MEMORANDUM FOR: Deputy Director for Administration

SUBJECT : Personnel Policies

1. In the short time I have been Director, I have become most impressed with the quality of our people and their dedication to their duties. I am also impressed that despite the buffeting which the Agency has taken in the public media in recent years, their attitude is high and they are ready to go forward. I believe that our focus must be on ahead, not behind, while we must ever keep a watchful eye to the rear that old problems do not recur. I am anxious that we devote our attention primarily to the future.

2. As part of this emphasis, I would like to insure that as many of our employees as possible be ones with a career in the future rather than one in the past. We have a number of extremely fine retired Agency personnel serving with us today. Their willingness to continue their dedicated work for our Government is appreciated but I would like to make room for more new and young career intellects to come in and build for our future. I therefore request that by the end of the month you terminate the voluntary or paid full-time or part-time employment of personnel who are in a retired status from the Central Intelligence Agency.

3. I recognize that this loss of very capable talent may affect a short-term reduction in our effectiveness and efficiency, but I am willing to accept this in the name of building toward the long term.

STANSFIELD TURNER
Admiral, U.S. Navy
Director of Central Intelligence

STATINTL

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22 - 9887/3

05 OCT 1976

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology
Inspector General
Comptroller
General Counsel
Legislative Counsel

SUBJECT: Rehired Civilian Annuitants

REFERENCE: [REDACTED]

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1. The Director of Personnel recently furnished to me a list of [REDACTED] rehired civilian annuitants, as of 30 June 1976, in either an independent contractor or contract employee status. I am concerned that this overall number may be excessive and that perhaps in certain instances we are hiring annuitants to accomplish work that could be performed by current employees or for which we could recruit new ones. By way of comparison, the number of such rehired annuitants was [REDACTED] for FY 1974 and 159 for FY 1975.

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2. I recognize that a retiree often represents a wealth of unique background and experience and is sometimes the best qualified person to accomplish a job. Nevertheless, the standard for their employment contained in [REDACTED] is a narrow one which allows fulfillment of requirements that cannot be met through internal reassignment or training of current employees or through new recruitments. In addition, Congress recently passed legislation which will require an agency that employs a Civil Service annuitant to pay the equivalent of his annuity to the Civil Service retirement fund. Provisions of our recent CIARDS amendment may result in application of this change to CIARDS retirees also.

3. Consequently, I ask that you examine your employment of each annuitant in a contract or independent contractor status as well as each request for an extension or initial hire in these categories to assure that the justification required by [REDACTED] is present. I intend to ask the Director of Personnel to provide me with semi-annual reports which show all annuitants on board in the above categories, and the written justification for each, as of April 1 and October 1 of each year.

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[REDACTED]

STATINTL

E. H. Knoche
Deputy Director of Central Intelligence

cc: D/DCI/IC
D/DCI/NIO
AO/DCI

MEMORANDUM FOR: The Director
FROM: E. H. Knoche, DDCI
SUBJECT: Rehired Civilian Annuitants

1. In early March 1977 you agreed to hold up on a directive which would have had the effect of terminating both the voluntary and the paid use of personnel in a retired status from CIA, pending my review of a study I had requested be made on rehired civilian annuitants. That study has now been completed and I have reviewed it in detail along with our current policy and practice on the use of annuitants. The study is attached for your information.

2. As I indicated in my note of 9 March, I am in complete agreement with your objective of ensuring that our employees be ones with a career in the future and believe we should keep to an absolute minimum our use of personnel who have retired from the Agency. In fact, as a matter of policy we probably should not rehire any annuitant in one of our ceiling positions. I have been concerned about our use of annuitants for some time and had previously directed the Deputy Directors to reexamine the basis for using annuitants--not only those retired from the Agency but from other Federal agencies as well. Excluding annuitants who do translation work on a fee basis for the [REDACTED]

[REDACTED] the number of reemployed annuitants has decreased by 20 since 30 June 1976-- [REDACTED] I believe the number can be further reduced, but after carefully examining what our annuitants are doing would be reluctant to see us adopt a policy which would preclude entirely

the use of annuitants for clearly justifiable reasons and when the employment of such personnel is not against an Agency ceiling position.

3. My review of the attached study, and in particular the tasks currently being carried out by annuitants indicates that in many cases the retiree brings a wealth of knowledge and experience to bear on a variety of problems and issues of serious concern to the Agency and especially on matters of operational interest to the DDO. It is doubtful that the latter could be handled equally well by other than Agency retirees except at the expense of scarce ceiling positions. In fact, in most cases the tasks could not be accomplished as economically if non-retiree personnel were used. This is especially true for the annuitants used by Security to supplement its full-time investigative staff, by [REDACTED] for translation work, and by the DDO for declassification review of OSS and early Agency records, as follows:

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a. Some [REDACTED] annuitants currently serve the Office of Security

STATINTL

[REDACTED]

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STATINTL

c. Currently [REDACTED] annuitants are conducting declassification review of OSS files--a task which would be extremely difficult to assign to anyone not familiar with the early activities and operations of the Agency and its predecessor organizations.

STATINTL

d. [REDACTED] are consultants who are placed under contract on a fiscal year basis. The initial employment of a consultant and all consultant contract renewals require DCI approval.

These activities account for almost half of our reemployed annuitants, and would seem to represent a proper and fully justified use of retirees.

STATINTL

The remaining [REDACTED] annuitants perform a variety of tasks and services which are not as easily categorized as those noted above. However, only 9 are blocking ceiling positions.

STATINTL

4. The major portion (i.e., [REDACTED] of the remaining annuitants are under contract in support of DDO operations, most of these are Agency annuitants, and in many cases represent "target-of-opportunity" or stand-by contingency resources. In general, the value to the DDO and to the Agency derives from the annuitant's former Agency affiliation and were we to terminate these relationships consistent with a change in policy other non-retiree personnel would not be similiarly employed. In such cases, the Agency would deny itself the opportunity to exploit or otherwise take advantage of some very unique and valuable talents.

DD/A Registry

File

Personnel

DDA 77-2658

10 May 1977

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

Hank:

In FY'73 the Agency had a total of [REDACTED] rehired annuitants.
In FY'74 there was a total of [REDACTED] annuitants. At the time I am dictating this, I have requested specific information from the Office of Security as to the place of residence of their [REDACTED] "confidential correspondents", (attached). I have also requested from [REDACTED] the listing of their [REDACTED] rehired annuitants in [REDACTED] identifying the linguistic qualification of each and the place of residence. If the information is not received by me by the time I finish this dictation, I will forward it to you immediately upon receipt.

/s/ Jack Blake

John F. Blake

Atts

Distribution:

- Orig - DDCI
- 1 - ER
- 1 - D/Pers
- 1 - DDA Subject w/cys of Atts
- 1 - DDA Chrono
- 1 - JFB Chrono

Atts:

--Blind Memo, subj: Consequences of Terminating Rehired Annuitants Working for Office of Security and [REDACTED]

--Note on confidential correspondents & [REDACTED]

--List of [REDACTED] OS Confidential Correspondents

on residence

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Next 11 Page(s) In Document Exempt

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Area
DDA Registry

File Personnel 9

DDA 77-2659

10 May 1977

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

Hank:

1. The attached paper is responsive to the four questions on rehired annuitants you presented this morning. The four numbered paragraphs of the attachment follow sequentially the four questions you raised, a copy of which is under this cover sheet.

2. You will note a slight variance in the number of people now employed in project [REDACTED] as opposed to the numbers contained in attachment 1 of the basic paper. That attachment was written about a year or so ago. It is, however, an excellent portrayal of what the project is and what the people do.

/s/ Jack Blake

John F. Blake

Atts

Distribution:

Orig - DDCI

1 - ER

1 - D/Pers

✓ 1 - DDA Subject w/cys of Atts

1 - DDA Chrono

1 - JFB Chrono

DDA:JFBlake:kmg (10 May 77)

Atts:--Paper on Rehired Annuitants, list of 4 questions

--Blind Memo, subj: Information in Response to DDCI's Questions

1) Blind Memo, subj: Annex to Requests for Contract Renewals of [REDACTED] Independent Contractor Annuitants

2) MFR dtd 10 May 77 fr [REDACTED] subj: Basis of the Review of CI Doctrine Being Conducted by Annuitants

3) Memo dtd 2 Aug 76 to D/Pers via DDA fr DTR, subj: Request to Hire Retired Annuitant-[REDACTED]

4) Memo dtd 7 Jul 76 to DDA via D/Pers, DDI, & C/DDI/MS subj: Request for Contract Extension [REDACTED]

5) Description of Project [REDACTED]

25X1A

25X1A

25X1A

Paper on Rehired Annuitants

Page 3:

25X1A Paragraph 4: [REDACTED] - what is the project and what do the people do.

Paragraph 5: Write paper explaining fully why we are doing this.

Paragraph 6: Agency consultants specifically approved by the DCI: Who are they and what are they doing.

Sub-Paragraph F: Nine people working on [REDACTED] -- describe in a paragraph or two what [REDACTED] is. 25X1A

4 people working on that project, 1 on USIB (should be NFIB), 4 remaining, etc. -- describe what they are doing.

25X1A

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#2

10 May 1977

MEMORANDUM FOR THE RECORD

SUBJECT: Basis of the Review of CI Doctrine Being Conducted
By Annuitants

25X1A
25X1A

1. The review of counterintelligence doctrine, principles, methodology and organization which is being conducted by retired annuitants [REDACTED] is being conducted in response to a recommendation of the Inspector General. This recommendation was made in a review of the CI Staff which was completed in August 1976.

2. The IG recommendation arose in large part from recommendations of the Senate Oversight Committee. These recommendations took into account an apparent contradiction between counterintelligence in CIA up to the end of 1974 and counterintelligence following the major shift which occurred at that time. The Senate committee report pointed out the apparent contradictions in counterintelligence doctrine and methodology in these two time periods and made recommendations for determining which elements of the two approaches were valid and appropriate to US counterintelligence in the present era.

3. To implement the IG recommendations, the CI Staff felt that it would not be acceptable or objective to assign either officers of the previous CI Staff or the present CI Staff to conduct such a fundamental review of counterintelligence. The staff, therefore, turned to the identification of retired intelligence officers who had the operations and staff background which qualified them to conduct such a study and whose motivations and objectivity could not be questioned by impartial observers. This effort resulted in nominating [REDACTED] as the best available candidates to conduct this review. While they are located in the CI Staff because the basic documents which they require are available in the staff, their study is being conducted entirely independently of present staff activities or views.

25X1A

25X1A

2 AUG 1976

#3

MEMORANDUM FOR: Director of Personnel

FROM : Harry E. Fitzwater
Director of Training

VIA : Deputy Director for Administration

SUBJECT : Request to Hire Retired Annuitant--
STATINTL [REDACTED]

1. Action Requested: The Office of Training requests permission to hire [REDACTED] as an Independent Contractor for a period of one year.

2. Basic Data or Background: [REDACTED] will aid in the research and preparation of a study of the estimative process in intelligence in the Center for the Study of Intelligence. He will add to the study team his extensive experience in estimative work and recent experience as an NIO, where the responsibility for the preparation of estimates now lies. He is widely regarded in the Community as a thoughtful, creative professional who writes well and works effectively in a group situation.

3. Recommendation: It is recommended that permission be granted to permit the Office of Training to hire [REDACTED] as an Independent Contractor for a period of one year. He will be paid on a fee-per-task basis at the rate of \$145 per day, the total not to exceed \$14,676 per annum. We envision paying him approximately \$9,000 of this for half-time services between the effective date of the contract and the end of 1976. The total compensation of [REDACTED] annuity and fees under this contract will not exceed 90 percent of the salary for the grade held at his retirement (GS-18).

[REDACTED]
Harry E. Fitzwater

STATINTL

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DD/A Registry
File *Personnel 9*

Executive Registry

77-75678

DD/A Registry

77-4054

30 June 1977

MEMORANDUM FOR: The Director

SUBJECT : Military and Civilian Annuitants

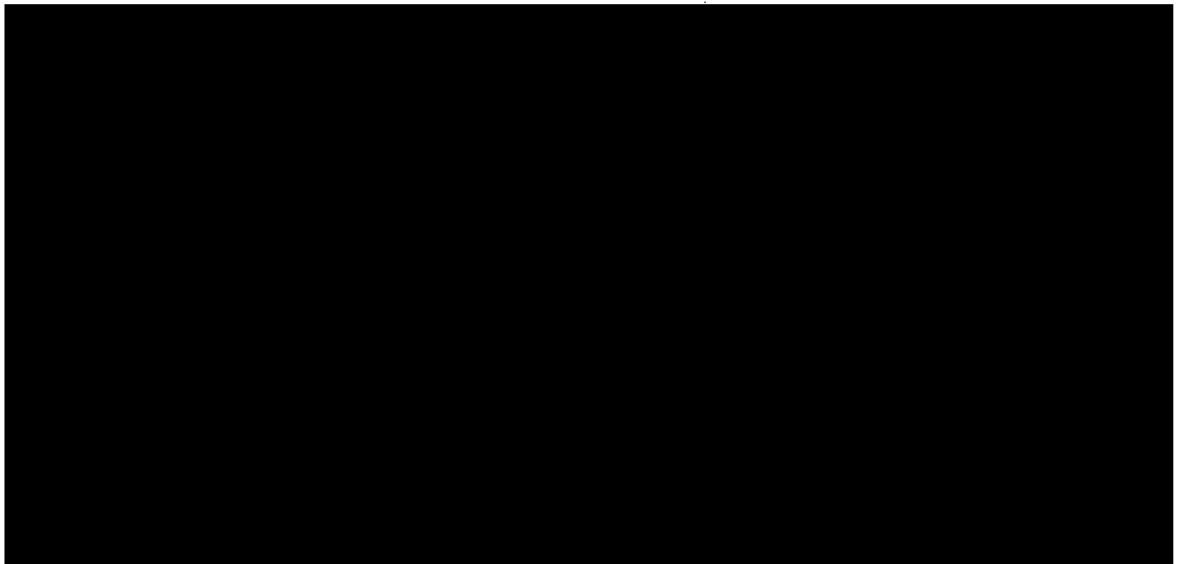
ANNUITANTS:

1. You commented on my recent note covering the DDA report on annuitants:

a. Just can't quite pull the numbers together.
It started at about [REDACTED] CIA annuitants.

b. This accounts for [REDACTED] Where are the rest?
Why can't we accelerate departures over end of
year? GS-15 promotions I just approved are [REDACTED]
vice [REDACTED] last year. I'd love to open up a few
more by this device.

2. We erred in not recapitulating the total numbers which had
been previously provided. The total number of civilian annuitants is
as follows:



25X1A

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25X9 4. In addition to these civilians, almost entirely part-time annuitants, there are [REDACTED] military annuitants who are full-time staff employees. They do, of course, occupy position slots and are pursuing a second career in the Agency. They were hired because of their military skills, because they were more competitive, or because they had other unique qualifications. They presently comprise [REDACTED] of our total full-time complement as contrasted with 6 percent throughout the Federal Government.

25X9

5. Mr. Blake has modified the proposed regulation on Procedures for Hiring of Annuitants per your instructions. It is included in the folder attached for your approval. →

6. Recommendation: In order to correct the mistaken impression that many employees have conveyed to you that promotion opportunities in the Agency are inhibited by our use of CIA annuitants, the facts as described in paragraph three should be made the subject of a special notice in an early DCI Newsletter. The basic facts are that we have not abused the annuitant system. Only four block anyone below. Many of our employees see retirees in the halls and assume they are doing something "cushy" and at their expense. Most of the annuitants are doing dirty-handed, necessary tasks for small pay. The employee misconceptions should be dealt with by communication, not by excising your flexibility to hire annuitants.

25X1A

[REDACTED]
E. H. Knoche

Attachments

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25X1A

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STATSPEC

██████████ Supposedly Approved by DCI

CONSULTANTS

STATINTL

The hiring of a consultant, regardless of whether the person is a retiree, must be submitted to the DCI for his specific approval. ██████████ states that consultant personnel will be engaged only when the following conditions exist.

a. There is a need for exceptional or specialized services which cannot be met from available Agency employees or consultants.

b. Consultant service is beneficial to the Agency from an administrative and financial standpoint.

c. The desired individual's services are not obtainable under other employment procedures.

d. The consultant's service with the Agency will not violate the conflict of interest statutes.

Consultants are engaged on a fiscal-year basis. Renewals for the following year require the Director's approval. The maximum amount of compensation authorized for a consultant is the daily rate for top step of a GS-15, currently \$168.96.

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The ██████████ consultants who are retirees are:

(See next page)

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DD/A Registry
File *Personnel*

DDA 77-3039

31 May 1977

MEMORANDUM FOR: Director of Security

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Support for Selected Contract-Employee
Programs

25X1A

1. As you know, the Director issued on 17 May 1977, [REDACTED] on hiring of annuitants. We are now in the process of endeavoring to establish procedures to implement the issued policy.

2. I would like to give consideration to asking the Director to give a blanket exception to the confidential correspondents program. In this connection, I ask that you furnish me by close of business 3 June, a rather detailed paper which I can use in handling this matter. I would suggest that you stress that utilization of rehired annuitants in this program does not place them in competition with staff personnel, and therefore has no effect on the promotion and advancement rate of staff personnel. I would further suggest that you endeavor to develop the cost-effective nature of the program as opposed to other alternatives.

/s/ John F. Blake

John F. Blake

Distribution:

Orig - D/Security

- ☒ - DDA Subject w/background
- 1 - DDA Chrono
- 1 - JFB Chrono

DDA:JFBlake:kmg (27 May 77)

2 IMPDET 01 081777

~~CONFIDENTIAL~~

DDA 77-3039

31 May 1977

MEMORANDUM FOR: Deputy Director for Operations

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Support for Selected Contract-Employee
Programs

25X1A 1. As you know, the Director issued on 17 May 1977, [REDACTED] on hiring of annuitants. We are now in the process of endeavoring to establish procedures to implement the issued policy.

25X1A 2. I would like to give consideration to asking the Director to give blanket exceptions to the [REDACTED] program and the OSS records declassification team. In this connection, I ask that you furnish me by close of business 3 June, a rather detailed paper which I can use in handling this matter. I would suggest that you stress that utilization of rehired annuitants in these programs does not place them in competition with staff personnel, and therefore has no effect on the promotion and advancement rate of staff personnel. I would further suggest that you endeavor to develop the cost-effective nature of these programs as opposed to other alternatives.

/s/ John F. Blake

John F. Blake

Distribution:

Orig - DDO

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1 - DDA Chrono

1 - JFB Chrono

DDA:JFBlake:kmg (27 May 77)

2 LIMITED CL BY 001777

~~CONFIDENTIAL~~

DDA 77-3039

31 May 1977

MEMORANDUM FOR:

[REDACTED]

STATSPEC

FROM:

John F. Blake
Deputy Director for Administration

SUBJECT:

Support for Selected Contract-Employee
Programs

STATINTL

1. As you know, the Director issued on 17 May 1977, [REDACTED] on hiring of annuitants. We are now in the process of endeavoring to establish procedures to implement the issued policy.

2. I would like to give consideration to asking the Director to give a blanket exception to the [REDACTED] In this connection, I ask that you furnish me by close of business 3 June, a rather detailed paper which I can use in handling this matter. I would suggest that you stress that utilization of rehired annuitants in this program does not place them in competition with staff personnel, and therefore has no effect on the promotion and advancement rate of staff personnel. I would further suggest that you endeavor to develop the cost-effective nature of the program as opposed to other alternatives.

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/s/ John F. Blake

John F. Blake

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Orig - D/[REDACTED]
1 - DDS&I

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1 - DDA Chrono
1 - JFB Chrono

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